# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:64
ANSWERED ON:10.08.2007
FOREIGN EXCHANGE RESERVE FOR INFRASTRUCTURE IMPROVEMENT
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**Will the Minister of FINANCE be pleased to state:**

(a) whether the Reserve Bank of India proposes to lend to the Govenmient from foreign exchange reserves for improvement of infrastaicture;

(b) if so, trie details thereof;

(c) whether the Government has taken legal opinion to ensure that these funds could be utilized far improvement of infrasitructure; and

(d) if so, the details thereof?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (d): RBI has accepted in principle the proposal of a wholly owned overseas subsidiary of India Inftastracture Finiance Company Limited (IIFCL) borrowing funds from RBI to lend to Indian Companies implementing infrastructure projects in India or to co finance their External Commercial Borrowings (ECBs) for such projects solely for expendilure outside India subject to certain conditions . Government has not taken any legal opinion on RBI Act, 1934. RBI has taken legal opinion regarding the applicability of Section 17(12 A), Section 17(13) and Section 17(12B) of the RBI Act.